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C O N F I D E N T I A L SECTION 01 OF 03 HAVANA 000879

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SUBJECT: CUBA IN 2008: THE YEAR OF CHANGE THAT WASN'T

Classified By: COM Jonathan Farrar for reasons 1.4 (b) and (d)

11. (C) SUMMARY: Beaten by storms and threatened by the world economic slump, Cuba would seem to be in a very bad way--and indeed it is. But increasing repression at home and international support give the GOC reason to feel fairly comfortable at the moment. Nevertheless, what began as a year with great promise for change seems to be ending back where it started. End Summary.

12. (C) With the arrival of the first strong cold fronts from the north putting a touch of autumn in the air, Cuba finally seems poised to leave behind one of its most destructive hurricane seasons ever. The latest figure being bandied about by Cuban officials is that the damage suffered by the island as a result of 3 hurricanes and 2 tropical storms is approximately \$10 billion. There is no breakdown of this figure and no way to confirm its accuracy, but it is obvious that Cuba suffered a serious blow. Food is beginning to trickle back into the agro markets and life is slowly returning (in Havana at any rate) to pre-storm normality, however. As the weather begins to change for the better, it is worth examining how far Cuba has come in a year that seemed likely to bring real change.

Limited Change in the Economic Sphere  
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13. (C) The most notable change, of course, was that Raul Castro formally took over the reins of power from brother Fidel in February and is now Cuba's constitutional president.

Under Raul, a series of limited reforms were implemented, such as the highly-touted lifting of restrictions on the purchase of cell phones and other electronic goods, and on the entrance of Cubans into hotels and restaurants that heretofore had been open only to tourists. With little change in the average Cuban's disposable income, however, reforms such as these were more symbolic than real. Of greater potential impact was a provision to allow for greater private use of vacant land, essentially establishing a sharecropping system with the state as the landlord. Here the storms were a two-edged sword, further damaging the land and making it more expensive to prepare while at the same time offering the possibility of greater gains in the future if the lands can be made to produce. The official press has trumpeted the success of the program and noted that there have been several tens of thousands of applications for land. It is not clear how many individuals have been able to take

advantage of the program, but reports we have gotten from individuals from outside Havana indicate that the number actually getting land is far lower, and that the GOC has instead focused its resources on trying to make the large cooperatives and state farms more productive to meet the short term needs created by the storms.

¶4. (C) Since Raul's July 12 speech announcing a change to the social security law (increasing benefits slightly while raising retirement ages by 5 years), there have been no significant new initiatives announced. The almost weekly arrival of tropical storms and hurricanes beginning in August may have slowed the government's ability to take new action, but the extent of devastation created by the storms also created the opportunity to take bold new actions to get the country back on its feet. However, nothing of the sort has happened and we have no indication that such measures were being considered seriously. It remains possible that the GOC also was awaiting the outcome of elections in the U.S. before making any other moves, and is still trying to absorb and decide how to react to the victory of Barack Obama. Whatever the reason, a year that opened (once again) with much promise of change is ending about where it began.

#### Crackdowns on the Political and Social Front -----

¶5. (C) If Raul had a comprehensive plan of reform in mind, it seemed clear from the beginning that it would revolve around improvements to Cuba's disastrous economy. No political reforms, however slight, were considered. In fact, on the political/human rights front, things have actually

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regressed.

¶6. (C) In the wake of the much ballyhooed revelations in the official press in May and June that USINT was "funding" dissidents, the GOC moved quickly to ensure that no such assistance would reach any of the opposition groups. We have been more seriously constrained than ever before in getting material support to civil society groups as the GOC has tightened up on our pouch runs and freight shipments. Meanwhile, several leading dissidents have told us that remittances as small as \$50 from blood relatives in Spain and the United States are being intercepted and turned back. Other sources of funding also appear to have dried up, leaving many dissident organizations pleading a lack of resources. All also report that overt surveillance of their activities and petty harassment in their daily lives have increased significantly.

¶7. (C) At the same time, the government has used the crises created by the multiple storms to crack down on ordinary citizens as well. Citing the need to protect scarce resources, the GOC shut down scores of small businesses upon which Cubans depend for services and supplies not provided by the government. The activities of these businesses were indeed "illegal," since in Cuba only the state has the right to carry out commercial activity. But, just as the failure of the government to deliver these services helped create the vast and complex black market that exists here, its enforcement of the law created immediate and almost total absence of many goods and services. In announcing the measures taken last spring, Raul Castro said he planned to end many of the "absurd prohibitions" that characterize life in Cuba. Post-storm efforts to maintain internal order have brought those prohibitions back with a vengeance. In conversations with ordinary Cubans we have heard many complaints of individuals arrested for having a single bag of cement or for possessing cake dough (to make cake dough one would have to have more than the legal allotment of eggs, milk and flour so, ipso facto, possession of cake dough is an offense that makes one subject to arrest). We have heard numerous tales from rural Cubans of people being arrested for selling or buying the material needed to repair houses

following the storms. Again, while these individuals are technically in violation of the law for redistributing materials that have been rationed, the slow delivery of repair materials is forcing rural Cubans to do whatever they can to get a roof over their head.

But Still a Successful Year for the GOC

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18. (C) With the serious damage caused by the storms and the potential negative impact of the world economic slowdown, one might assume that the GOC leadership is scrambling for survival, but that is far from the case. Indeed, if the storms did anything, it was to prove that, in spite of terrible deprivation, Cubans are controllable given the right amount of international support and carefully applied repression. Years of doing without have conditioned the Cuban people to live on very little beyond promises, and quick and decisive GOC action against anyone who steps out of line ensures that complainers are dealt with. Perhaps more importantly at the moment, Cuba is basking in a series of foreign policy successes. Statements by the EU's Luis Michel and by Spanish officials during FM Perez Roque's trip to Spain are cited as proof that the GOC has convinced Europeans that having good relations with Cuba is worth accepting the Cuban Revolution and its way of governing as normative. The usual one-sided vote in the U.N. on the U.S. embargo is cited as proof that the whole world sides with Cuba in its dispute with us. Successive visits by the leaders of Venezuela, China, and Russia are portrayed to show that like-minded friends can help with the economic mess (SEPTEL).

Comment

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19. (C) As has been the case since he stepped down in 2006, it is not clear to us what role, if any, Fidel plays in all of the above. If he were to die, a Raul-led government might

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yet institute some more extensive reforms--at least on the economic front. However, there is no indication that anyone in any position of authority in the GOC is contemplating any change/reforms to the political system. As noted above, the aftermath of the storms has shown that the security apparatus in Cuba continues to function smoothly. As long as that is the case, and as long as international opinion seems indifferent at best to the GOC's manner of governing, genuine change will be stymied.

FARRAR